

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7365

BILL NUMBER: SB 430

NOTE PREPARED: Jan 22, 2015

BILL AMENDED:

SUBJECT: Licensing of Electrical Contractors.

FIRST AUTHOR: Sen. Niemeyer

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill establishes the Electrical Licensing Board (ELB). The bill requires electrical contractors to be licensed. The bill establishes licensing requirements for electrical contractors. The bill adds references to electrical licensing to the laws that affect licensing boards.

Effective Date: July 1, 2015.

Explanation of State Expenditures: Summary- The table below lists the estimated costs to create the ELB.

Estimated Expenditures for Electrical Licensing Board		
Expenditure Type	Explanation	Estimated Cost
Board Development*	Salary cost to PLA to develop new license (includes: rule development and IT expenditures)	\$59,100
Ongoing Costs	Routine Administration by PLA, Board Meetings, Miscellaneous Costs.	\$14,800
TOTAL		\$73,900
*One-time start-up expenditure, which equates to the salary cost of PLA staff to develop the proposed electrical contractors license. If existing PLA staff is insufficient to develop the license, then additional staffing could be met via funded vacancies or hiring of a new staff member(s). Hiring of new staff outside the PLA's allocated budget could be accomplished via reallocation of existing funds not currently used for staff or new appropriations made by the General Assembly.		

The seven-member board would be compensated for their service with a salary per diem and travel reimbursement as provided under current law for a professional board. The above estimate assumes that the proposed board would meet 4 times per year.

The Professional Licensing Agency (PLA) would be charged to provide the administrative support to the Board, including providing the necessary agency personnel to assist the Board.

Attorney General- The Attorney General (AG) would be the legal advisor and provide legal assistance to the proposed Board. The AG provides assistance to several professional boards and the PLA. Therefore, the AG should be able to assist the proposed Board within existing resources.

Cease and Desist Orders- The Attorney General may need to represent the state of Indiana in an enforcement action to uphold a cease and desist order issued by the Board in a circuit or superior court. Bringing actions into court on behalf of the state of Indiana is a normal function of the Attorney General.

Explanation of State Revenues: Summary- The proposed Board would set initial and renewal fees for license applicants. Current law requires professional boards to set their license fees at a level that would breakeven with the ongoing administrative costs of the established board. Fee revenue would be placed in the state General Fund. A license would be valid for four years.

The federal Bureau of Labor Statistics reports there are about 14,600 employed electricians in Indiana. If all 14,600 electricians pursue a license, a license fee of approximately \$3.50 per applicant would roughly breakeven with the estimated annual ongoing cost of the Board of \$14,800.

Penalty Provision- A person that commits a violation under the bill would commit a Class B misdemeanor. If additional court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class B misdemeanor is \$1,000. However, any additional revenue would likely be small.

Cease and Desist Orders- If additional civil actions occur and court fees are collected, revenue to the state General Fund may increase. A civil costs fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court. Additional fees may also be collected.

Explanation of Local Expenditures: A Class B misdemeanor is punishable by up to 180 days in jail.

Explanation of Local Revenues: Penalty Provision- If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, any change in revenue would likely be small.

Cease and Desist Orders- If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 civil costs fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. Additional fees may be collected at the discretion of the judge, depending upon the particular type of case.

State Agencies Affected: Professional Licensing Agency, Attorney General.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: Professional Licensing Agency, State Staffing and Vacancy Tables, U.S. Bureau of Labor Statistics: OES Report May 2013.

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